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IP 355

INTRODUCTION:

Information obtained from a CIA study of the entire rubber industry of the Orbit countries, shows that they are self-sufficient and could continue to be for a period of two to two-and-a-half years. No serious bottlenecks have been found to exist, either in synthetic rubber production or in fabrication of end items. There has been some trouble producing carbon black of uniform quality and also evidence that accelerators and anti-oxidants are not as plentiful as desired. However, among these rubber chemicals there are several substitutions possible and in fact anti-oxidants can be left out of compounds entirely and still have a practical end item. Where shortages have occurred, they seem to have been of a temporary and local nature, for in every instance, production has been resumed.

No reliable figures on diversion of rubber shipments from the West to Orbit countries were found for 1952.

CIA HISTORICAL REVIEW PROJECT

RELEASE AS SANITIZED

1999

RUBBER

1951

Possible Diversions of Rubber Shipments to the Orbit Including China 1/
(In terms of long tons)

Netherlands-transit	23,026
Macao	5,917
Hong Kong	37,204
Total	66,227

Total Orbit Imports of Rubber from the West
(In terms of long tons)

164,376 2/
or
149,954 3/

Ratio of Diversions to Total Imports

66,227/164,376	2 long
66,227/149,954	3 long

Estimated Consumption of Rubber by China and USSR (Excl. Satellites)

306,700 (long tons) 4/

Possible Diversions of Rubber Shipments to China and USSR (Excl. Satellites)
(In terms of long tons)

USSR	7,970
China	17,288
Total	25,258

1/ Derived from statistics appearing in CIA/RB-19, Jan. 19, 1953. (p.D-10)
2/ CIA/RB-19, Jan. 19, 1953, based on estimates of the Rubber Statistics Bulletin (p.D-10).

3/ ITT from official trade returns.

4/ CIA/RB-19, Jan. 19, 1953. (p. 20)

5/ Derived from statistics appearing in CIA/RB-19 Jan. 19, 1953. (p. D-10)

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Ratio of Diversions to Total Consumption (USSR and China)

43,204,506,700 - 11.5

Production of Rubber by USSR only (in terms of metric tons)

Syringa	22,400
Kautschuk	7,655
Exports	37,500
Total	205,925 5/

Stockpiles

USSR - 205,600 metric tons 7/

Russia

1952-1953

Total Trade Exports of Rubber from the West
(In long tons)

170,200 (for the year July, 1952-July, 1953-estimate)

Orbit rubber consumption

1952 - 192,700 (for Soviet Union only)
1953 - 171,100 (for Soviet Union only) 9/
July, 1952-July, 1953 - 160,000 (for Soviet Union) 10/ ((estimate))

Orbit rubber production

1952 - 121,015 11/
1953 - 151,360 11/
July, 1952-July, 1953 - 336,160 12/ ((estimate))

Stockpiles Orbit

July, 1952-July, 1953 - 305,860 (long tons) 13/ ((estimate))

SNT

8/ CIA/R 19 January 1953 (pp. 7-10).

9/ India 1952.

OK 10/ CIA R 19 January 1953, March 1, 1952. This figure represents total imports of rubber from non-Orbit countries; however, East Germany exported 16,000 metric tons, 500 long tons thus bringing the net import balance to 169,700 long tons.

11/ CIA/R 19 January 1953 (p. 20).

12/ CIA/R 19 January 1953.

13/ CIA/R 19 January 1953 (pp. 7-10).

OK 14/ CIA report.

15/ Ibid.

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ANTI-FRICTION BEARINGS

DIVERSIONS OF ANTI-FRICTION BEARINGS TO THE SOVIET BLOC FROM THE WEST

Available information on the amount of anti-friction bearing shipments to the Bloc from the West reveals that an estimated 22.0% (1,600,000 units) were diverted to the Bloc in 1951. Bloc requirements of bearings in 1951 were estimated at 11,730,000 units — 5% of this figure is diverted from the West. Unfortunately, there are insufficient statistics available to arrive at estimates for 1952.

1951
(In Units)

ESTIMATES OF DIVERTED BEARINGS FROM THE WEST

* Czechoslovakia	1,600,000	1/
China	280,000	2/
Total bearings diverted		1,880,000
<u>ESTIMATES OF TOTAL IMPORTS OF BEARINGS FROM THE WEST</u>		
* USSR	600,000	
* Satellites	1,606,300	
China	325,000	
Total bearing imports		8,531,300
<u>ESTIMATES OF M.L.C REQUIREMENTS OF BEARINGS</u>		
* USSR and Satellites	146,050,000	
China	1,480,000	
Total bearing requirements		147,530,000
<u>ESTIMATES OF % OF TOTAL IMPORTS DIVERTED</u>		
* USSR and Satellites	19.4%	
China	86.0%	
Estimated % of Total Imports Diverted —————— 22.0%		

1/ Available information indicates that 30% of Czech imports of anti-friction bearings from the West are illegally transshipped. We can find no evidence that other Bloc countries (except China) are importing bearings illegally; therefore this figure is based solely on Czech import statistics.

2/ Due to the inadequate data on diverted imports to China, we assume that shipments transshipped from Hong Kong are diverted from the West.

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- * So far there has been no available data on the involvement of COMECON countries in illegal bearing trade with the Bloc; however, the involvement of COMECON countries in legal trade is as follows:

Production	1,855,000
Imports	291,000
Total	2,146,000

(Sweden, Austria, and Switzerland are involved in bearing trade with the Bloc also)

* I. Estimated Position of the Antifriction Bearing Industry in the USSR and the Satellites

1951
(In units)

Production	115.9
Imports	11.3
Total Supply	126.6
Exports	3.0
Total Available Supply	123.6
Requirements	116.0
Deficit	22.4

(U.S. Officials Only)

Since the USSR requires domestically all of its production of bearings only small quantities of bearings are furnished to the satellites from the USSR because the satellites are dependent in the West for antifriction bearings which are directly handicapped by Western trade restrictions. (U.S. Officials Only) (CL/RR-26)

II. Estimated Position of the Antifriction Bearing Industry - Poland

1951
(In units)

Production	380,000
Imports	730,000
Total Supply	1,110,000
Exports	negligible
Requirements	1,480,000
Deficit	370,000

~~This figure includes imports from other Bloc countries as well as imports, legal and illegal, from the West.~~

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Unless China's own bearing industry can develop a ball bearing or antifriction bearing industry of its own, it appears that at the present time it is planned by section 11 that it looks as though China will continue to be dependent upon imports to a considerable degree in order to satisfy all of her future requirements.

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ESTIMATED EXPORTS OF ALUMINUM FROM THE WEST

In 1951, aluminum from the West was approximately 60-70% of total aluminum produced by West. This trend has been diverted to the West in 1952, so that the official aluminum exported is about 6x as the 1951 figure, although the total output in those years. Chinese imports continue to increase in recent years.

ESTIMATED EXPORTS OF ALUMINUM FROM THE WEST

<u>1951</u>	<u>1952</u>
11,000 ✓	10,500 ✓

ESTIMATED TOTAL EXPORTS OF ALUMINUM FROM THE WEST

14,500 ✓	15,500 ✓
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ESTIMATED ALUMINUM REQUIREMENTS

200,500	262,500
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ESTIMATED % OF ALUMINUM IMPORTS DIVERTED

70%	67%
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ESTIMATED % OF DIVERTED ALUMINUM EXPORTS TO ALUMINUM REQUIREMENTS

14%	11%
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In 1951 and 1952 aluminum was in short supply in all of the satellites and these countries were unable to import for appreciable tonnages at higher than the world price. Non-COCOM aluminum is now available for world trade and business is brisk at lower prices. Diversions from non-COCOM countries appear to make the task of controlling and supplies of aluminum extremely difficult.

In 1951 and 1952 imports for aluminum trade and consumption indicate no noticeable change. In most countries the ability to consume aluminum exceeded the supply while in the USSR the demands of an aluminum strategic stockpile made it difficult to obtain any over supply. The following table shows the estimated aluminum consumption capability for either 1951 or 1952 and indicates the possible supply to each country and whether that country produced any domestic aluminum.

- ✓ This is an approximate figure and is believed to be about twice the amt. procured through legal channels in '51. (CIA/CRR Secret Security Information)
- ✓ This is a gross figure arrived at by combining 1951 statistics on diversion, legal imports, and total imports as well as 1952 legal imports, and total imports.
- ✓ These figures include diversions for 1951 and 1952 (11,000 and 10,500) plus unrecorded exports by COCOM countries in 1951 (4,589) and official trade statistics for 1952 (5,106).

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ALUMINUM OUTPUT AT THE END OF 1951 FROM THE USSR

Estimated Total

Country	Estimated 1951 or 1952 Domestic Production Capacity	Estimated Supply Available for Consumption	1951 or 1952 Domestic Production
USSR	200-220,000	1/	200-210,000
Hungary	11,000	5,000	22,000
W. Germany	17,000	11,000	9,000
China	11,000	2,000	-----
Czech	2,500	500	-----
Poland	500	500	-----
Romania	500	500	-----
Bulgaria	Neg.	Neg.	-----
Albania	Neg.	Neg.	-----
TOTAL	262,500	240,000	260,000

- 1/ Estimated consumption, not including strategic stockpile.
2/ Much of this used for the manufacture of special alloys for the U.S.S.R.
3/ Includes considerable World War II scrap.
4/ Includes considerable civilian scrap.
5/ Production rate at end of 1952.

References:

A. CIA/

5 February, 1953 US-UK Cables 17

B. CIA/CR

ALL INFORMATION

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Nickel
Report

COUNTRY	PRODUCTION Production	CONSUMPTION Consumption	Demand	Stockpile (in metric tons)	
				(in metric tons)	Estimated Stockpile (in metric tons)
USSR	25,000	30,000-34,000	3,000	18,000-3,700	
Poland	725				
E. Germany	135				
Estimated Total	40,000	34,000-38,000		2700 - 6700	

Imports from the West in 1952 were estimated at 700 metric tons.

The USSR and Canada are the two major producers of nickel in the world. Production in the USSR has been expanded rapidly since the end of the war. The satellite countries contribute relatively minor amounts of nickel to the total Bloc supply. Poland and East Germany are the only producers. Their production is insufficient to cover their demands. The satellites depend largely upon the USSR for their nickel supplies. Although the USSR is a surplus producer, there is ample evidence that it does not supply the satellite countries with sufficient nickel to meet all of their needs and, as a result of the CoCom embargo on exports to the Bloc, those needs are not being met from the West. Considerable quantities of nickel are still imported into the satellite area from the free world despite the embargo on nickel imports which has been in effect since 1950. Czechoslovakia received an estimated 10,000 metric tons from the West in 1952. Hungary is estimated to have received 11 metric tons. East Germany, Poland, China and Romania probably receive some nickel from non-Bloc sources, but it has not been possible to determine the amounts. The USSR has had no known imports of nickel since 1945. Although the Soviet Union is estimated to possess a stockpile of 30,000 to 40,000 metric tons at the end of 1952, evidence of the fact that the Soviet Union often failed to furnish the satellites with sufficient nickel to meet their demands can be found in the numerous instances wherein these countries have exercised a willingness to pay several times world prices for nickel from free world sources.

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TINPLATE

1951 - 1953

COUNTRY	PRODUCTION (in thousand metric tons)		Secret
	1951	1952	
UNITED STATES	24.5	24.5	
FRANCE	1.8	2.0	
USSR	15.0	21.0	
CZECHOSLOVAKIA	20.3	22.1	
YUGOSLAVIA	17.0	17.0	
HUNGARY	1.0	1.0	
RUMANIA	1.0	1.0	
EGYPT	1.0	1.0	
PAKISTAN	1.0	1.0	

DISPOSITION OF EXPORTS FROM THE BLOC (thousand metric tons)

Secret - U.S. Officials
Only

	POLAND	CHINA	USSR	ALL OTHER	TOTAL
1951	2.0	1.5	1.8	0.1	4.6
1952	1.0	17.4	2.0	1.8	22.2
1953	3.5	1.3	1.0	1.5	8.3

(Table derived from Statistical Bulletins of the International Tin Study Board, supplemented by Soviet DIA information.)

No information is available on diversions of tin plate to the Soviet Bloc.

Information on world shipments of tinplate are included in iron and steel shipments in the International Trade Lists published by the Department of Commerce and could not be separated out for the purposes of this report.

Because of the difficulty of obtaining information from behind the Iron Curtain, complete data on the supply and distribution of tin plate are not available. Tin plate production estimates are computations made from analytical analyses of tin and steel use patterns and of tin content of Soviet manufactured tin plate. The Bloc is short of tin plate and tin cans. Even under the present restricted utilisation nearly 10% of the total supply is obtained from the free world.

Some Bloc countries must import all of the tin plate they use. The movement of tin plate among the Bloc countries is believed to have been negligible prior to 1953. In recent months, however, there has

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tin plate imports from Western sources from 1950 to 1954 and a decline in imports since 1954. The latter is due more or less to the time plateauing of tinplate output by firms here.

Imports in 1954 reported as 1951, 1952 and 1953 are believed to total 31,000 tons. These amounts shipped by the U.K. in order to fulfill its annual quota production, about 3,000 tons a year. Czechoslovakia and Poland are the only satellites which produce significant quantities of tin plate and China is the chief importer. The degree to which China's tinplate imports have increased over imports to meet its needs, has suffered from international trade restrictions as indicated by the table of tinplate imports from Western countries.

China's Imports (annual rate; in thousand tons)

January 1937	40
1946 - 1948	10
1950 - 1951	2 to 3
1952	17
January 1953	2

Imports through Dairen have increased and it is believed that some of them are destined ultimately for China.

Tinplate has recently been downgraded from IL II to IL III. This downgrading was originally the recommendation of the U.K. CoCom delegates.

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Lead Shipment	1951	1952
Belgium	1045	1118
Denmark	15	0
Germany	50	0
Italy	1138	270
Iraq	421	0
North Korea	60	0
South Korea	51	0
United Kingdom	80	180
Yugoslavia	10	0
Total	5,593	N.A.
Transhipments (a)		
Antwerp and Rotterdam	3,936	11,073
Belgium	150	N.A.
Bolivia	163	N.A.
Chile	500	N.A.
W. Germany	N.A.	1,910
Italy	N.A.	266
Mexico	100	719
Netherlands	511	N.A.
Spain	4,445	1,460
United Kingdom	N.A.	400
Yugoslavia	2,762	100
Others (4 countries)	N.A.	291
	12,557	16,219
GRAND TOTAL	16,100	16,219

(a) Practically all transhipments of Lead were through Antwerp or Rotterdam. The origin of the Lead is given where known.

1951
 (CIA figures). Using the above figures (total known legal and illegal trade to the Bloc), the percentage of illegal trade to total trade is 70%.

(Commerce figures are used (official reported trade in 1951 = 13,341 metric tons) the percentage of diverted trade to total trade is 97.3%.

1952
 Since there was no CIA figure available for 1952, the official Commerce figure of 81k metric tons (shipped to the Bloc) was used. Comparing this figure to the CIA figure on diversions, shows that 95% of total trade to the Bloc is illegal.

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Bloc Requirements

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In OIA Report (10-615, or October 16, 1953) lists the following estimates
of requirements needed for lead as follows:

Year Requirements

1952 150,000 metric tons
1953 200,000 metric tons

These appear to be the only estimates available on Bloc requirements.

The following lists an estimate of the total production of lead in
the USSR as follows:

	1951	1952
(MM metric tons)	163	178
Lead production	163	178
Secondary metal recovered	25	30

COPPER

~~SECRET~~DIVERSIONS OF COPPER TO THE BLOC IN 1951

Available information points to a figure of at least 16,075 metric tons of copper being diverted to the Bloc in 1951 plus a possible additional amount of 16,850 metric tons (see attached table).

Copper Imports Into Soviet Bloc
Metric TonsLegitimate Shipments

	<u>1951</u>
Belgium	7,172
Canada	205
Finland	7,514
German Federal Republic	330
Netherlands	1,050
Spain	1,000
Turkey	2,604
United Kingdom	273
United States	20

20,163Transhipments

Antwerp and Rotterdam	3,507
Belgium	42
Chile	3,472
Egypt	None
Japan	30
Jordan	60
Lebanon	1,080
Mexico	5,947
Netherlands	804 808
Switzerland	300
Friesland	290
United States	Others (15 countries)

16,075Other Possible Imports (Negotiations and Contracts) including Transhipments

Chile	13,000
France	X
Switzerland	3,000
Turkey	800

16,850GRAND TOTAL 53,093

Note Bene: The above table, as well as the following table for 1952 were compiled from available information. It is believed that there was considerably more copper imported to the Bloc through transhipments than these tables indicate.

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Whatever the origin of the metal is known it is so indicated. However, practically all of the transhipments were made through Antwerp or Rotterdam.

1951

(CIA figures) A total of known legal and known illegal shipments shows that illegal shipments were 44.3% of the total known trade.

A total of all known legal and illegal trade plus possible transhipments yield a figure of 62% diversions to total known and possible trade totals.

Cassares figures list approximately 7729 metric tons of copper going to the Bloc in 1951. When this official trade figure is compared with the diversion figure in the above table, the percentage of diverted trade to total Trade is 81%.

DIVERSIFICATION OF COPPER TO THE BLOC IN 1952

The below table shows that approximately 40,000 tons of copper was diverted to the Bloc in 1952.

Copper Imports Into Soviet Bloc
Metric Tons

Legitimate Shipments

Finland	5,109
Turkey	500
	<u>5,609</u>

Transhipments

Chile via Antwerp	14,847
Unknown via Antwerp	15,376
Mexico via Antwerp	552
Austria	272
Macao	1,183
Unknown via Rotterdam	719
Mosambique via Antwerp	22
Peru via Poland	4,000
Lebanon	376
British East Africa	13
Israel	224
Brazil via Antwerp	2,273
West Germany	11
Switzerland	107
Denmark	9
	<u>35,984</u>

GRAND TOTAL

45,593

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1952

(CIA figures) A total of known legal and known illegal shipments shows that illegal shipments were 87.6% of the total known trade.

Commerce figures (which give only reported official trade statistics) list approximately 2416 metric tons of copper going to the Bloc in 1952. Using these figures, diversions equal 9.3% of total trade.

As a specific example of diversions of copper to the Bloc, the following information, taken from State Dispatch #4, American Embassy, Santiago, Chile, and dated July 22, 1952 is presented to show totals of copper diverted to the Bloc from one nation. The period covered by this dispatch approximates a one year period (May 1951 through March 1952).

Copper (metric tons)

5,939.801	.....	definitely transshipped to the Bloc
3,223.455	.....	probable diversion to the Bloc
3,260.537	.....	probable diversion to the Bloc
610.372	.....	probable diversion to the Bloc
326,783	.....	probable diversion to the Bloc

13,361.068TOTAL definite and probable diversions of Chilean Copper to the Bloc

This State dispatch estimates 10,000 metric tons as an absolute minimum diversion figure for the period covered, and states that a diversion figure of 20,000 metric tons would be inconsistent with available evidence.

Estimated Requirements and Production of Copper in the Bloc for the 1952 period.
Metric Tons

Requirements.....	536,500
Production.....	330,750
Deficits.....	205,750
Diversions (known).....	16,075
Diversions (possible).....	16,850
Diversions (known and possible).....	32,925

In 1952, the production of Copper in the Bloc is estimated at approximately 390,000 tons of copper. The requirements for copper in 1952 is estimated to be the same as the requirement figure given for 1951.